Canadian Radio-television and Telecommunications Commission
Conseil de la radiodiffusion et des télécommunications canadiennes
Canada

News Release

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CRTC LAUNCHES SATELLITE TV COMPETITION

OTTAWA-HULL - The CRTC today licensed two new Canadian Direct-To-Home (DTH) satellite services and five Direct-To-Home pay-per-view television programming services, including a French-language service.

These decisions complete a public process that began with policy directions from the government on the licensing of DTH satellite distribution undertakings and DTH pay-per-view programming services. This process included a public hearing that started on October 30.

"Today's announcement introduces competition in delivering programming services to the home, and will broaden consumer choice by providing an alternative to cable. It also meets the Commission's long established goal of providing Canadian alternatives in DTH satellite services," said CRTC Chairman Keith Spicer. "By licensing **two** national DTH satellite services, we have also responded to the government's request that we promote a dynamically competitive market for DTH distribution."

"We have also upheld the objectives of the *Broadcasting Act* by maintaining a Canadian presence and by maximizing contributions to the Canadian broadcasting system, while providing flexibility for the competitive introduction of new digital satellite technology," said Mr. Spicer.

Services Licensed

The DTH satellite distribution undertakings, which will be available nationally, are: **ExpressVu** and **Power DirecTv**. Canadian satellite viewers will now have access to all types of Canadian programming services available on cable, including specialty, pay and pay-per-view services.

The four English-language DTH Pay-Per-View programming services are: **Sports/Specials** and **Power DirecTicket**, which will be distributed nationally. For regional distribution, the Commission licensed **Home Theatre (serving Western Canada)** and **Viewer's Choice (serving Eastern Canada)**. The new French-language DTH Pay-Per-View service is **Canal Première**.

The Commission also licensed four digital pay audio services for carriage by all distribution systems. These include: **DMX Canada** (Decision CRTC 95-911); **Power Music Choice** (Decision CRTC 95-912); **Allegro** (Decision CRTC 95-913); and **Galaxie** (Decision CRTC 95-914). As well, **Skycable Inc.**, a multipoint distribution system (MDS) was licensed to serve rural areas, towns, cities and villages in Manitoba.

Following a separate proceeding that began on September 18, the Commission also licensed **Canal Première** (Decision CRTC 95-900) as the first French-language Pay-Per-View programming service for national cable distribution.

Homestar Application Rejected

The Commission rejected a bid from a consortium of cable operators led by Shaw Communications (**Homestar**), to operate a DTH satellite distribution

undertaking. The Commission had significant concerns as to whether the Homestar proposal could be implemented as proposed, in light of the uncertainty related to the availability of authorized U.S. services via the Primestar satellite.

Cinéma Direct Application Rejected

The Commission has also rejected a proposal by Power DirecTv to operate a French-language DTH pay-per-view service because of the Commission's concern that this service would not meet the objectives of the *Broadcasting Act*.

The criteria used by the Commission in arriving at today's decisions, as well as the rationale for denying the remaining applications, are set out in Public Notice CRTC 1995-217 and Decisions CRTC 95-903 and 95-909.

A Policy Framework for DTH Distribution

The Commission also announced a policy framework for DTH satellite distribution undertakings which outlines requirements for the basic service, linkage, and fair and equitable access for programming services. In particular, the Commission's policy requires DTH satellite distribution undertakings to maintain a predominance of Canadian programming in the total packages they make available to subscribers.

The inherent addressability of DTH technology will provide subscribers with a greater range of programming and packaging choices. As a result, the Commission has encouraged licensees to offer basic service packages that reflect the linguistic preferences of subscribers.

Subscribers, however, can receive DTH pay-per-view services on a stand-alone basis without purchasing a basic program service package.

The Commission considers that competition between the two new DTH satellite services, the cable industry and other distribution technologies will create sufficient market pressure to discipline rates charged to subscribers. As a result, the Commission will not regulate rates for DTH distribution undertakings.

Contributions to Canadian Programming

"The Commission strongly believes that the competitive entry of digital technology must serve to strengthen the Canadian broadcasting system. Consumers should continue to have access to the best programming available from foreign and domestic sources," said Mr. Spicer. "This is why we've required all DTH distribution and DTH pay-per-view undertakings to contribute 5% of their annual gross revenues to the production of Canadian programming," he added.

In addition, licensees must direct these contributions to an existing Canadian production fund of their choice provided it is administered independently of their undertakings.

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